

**STATE OF RHODE ISLAND
AND PROVIDENCE PLANTATIONS**

RI WATER RESOURCES BOARD

ADMINISTRATIVE PROCEDURE:

WATER DEVELOPMENT FUND

RULES & REGULATIONS

July 1987

AUTHORITY: These regulations are adopted in accordance with Chapter 42-35 pursuant to Chapter 46-15.1-20 of the Rhode Island General Laws as amended.

SECTION 1.00 WATER AUTHORITY

46-15.1-20 Water development fund

There is hereby created a special fund called “water development fund” from any net proceeds which may be paid to the state as a result of the lease of any reservoir sites or other facilities as may be acquired or constructed by the state in accordance with the provisions of this chapter and Chapter 15.1-20 of this title, as amended, or as a result of the sale of surplus property or any interest therein, including without limiting the generality of the foregoing, the sale of excess gravel, timber or other such materials located on such reservoir sites or other facilities. Monies from this fund are hereby appropriated for the purpose authorized by Section 46-15-6 hereof and also hereby made available for borrowing by the Board, in accordance with and pursuant to the provisions of Section 46-15.1-4, exclusive of acquisition of reservoir sites, and the state controller is hereby authorized and directed to draw his/her orders upon the general treasurer for the payment or loan of such sums or such portions thereof as many be required from time to time upon receipt by him/her of properly authenticated vouchers; provided, however, that in the event the water development account created by this chapter exceeds the sum of one million dollars (\$1,000,000), such excess over than amount is hereby made available and appropriated for expenditure by the Board to implement the plans and programs thereof as are authorized by this chapter and Chapter 15.2 of this title, said general laws exclusive of the acquisition of reservoir sites.

All monies in this water development fund, not immediately required for payment or loan pursuant to the provisions of this chapter may be invested by the investment commission as established by Chapter 10 of title 35, pursuant to the provisions of such chapter; provided, however, the securities in which said fund is invested shall remain a part of such fund until exchanged for other securities; and provided further, that any net profit or income from such investments shall become part of the general fund of the state and shall be applied to the payment of debt service charges of the state; provided however, that any interest from loans made pursuant to this chapter may be retained by the said Board for the purposes authorized herein.

All monies in this water development fund, in excess of one million dollars (\$1,000,000) shall be deposited by the general treasurer into one (1) or more of the depositories in which the funds of the state may be lawfully kept in a special account. The state controller is hereby authorized and directed to draw his/her orders upon the general treasurer for payment out of such special account of such sum or sums as may be required, from time to time, upon receipt of properly authenticated vouchers.

46-15-6.1 Powers and duties

In order to implement the said plans and programs, the Board shall have the following powers and duties in addition to those powers enumerated under Section 46-15.1-5:

- (1) To make loans to publicly owned water supply agencies for acquisition of land, construction, or purchase or installation of equipment or pipes, from funds which may be appropriated for this purpose by the general assembly, from bonds issued for this purpose,

or from other funds which may become available to the Board for this purpose of installing, improving, or extending local distribution systems unless the Board requires such a system to contain a greater capacity than immediately necessary in order to provide water for other municipalities at a later date in accordance with Section 46-15-7 hereof.

46-15.1-4 Purpose

The Purposes of the Board under this chapter shall be to carry out the powers and duties of the Board set forth in Chapter 15 of this title, including, without limitation, to establish water supply facilities and lease the same to cities, towns, districts and other municipal, quasi-municipal or private corporations or companies engaged in the water supply business in Rhode Island, or contract for use of the same by such parties, or sell to such parties the water derived from, carried by or processed in such facilities.

46-15.1-4.1 Definition

The phrase water supply facilities wherever appearing in this chapter and Chapter 15 of this title shall mean water reservoirs, wells and well sites, transmission or distribution systems, any equipment and improvements held in connection therewith, and any and all other property or mixed, used or held to be used in connection therewith.

46-15.1-9 Temporary borrowing

The Board may borrow money temporarily for the purposes of this chapter in anticipation of revenue or federal aid or in anticipation of the issue of bonds, and issue notes thereof. Notes issued in anticipation of revenue may not mature or be refunded beyond one (1) year from the date of their original issue and notes issued in anticipation of federal aid or of the issue of bonds may not mature or be refunded beyond five (5) years from the date of their original issue. Notes shall be payable solely from such funds as are derived under this chapter and provided for payment under the applicable trust agreement or resolution described in Section 46-15.1-11 and shall contain a statement to this effect on their face.

SECTION 2.00 PURPOSE

Loans may be made to all eligible applicants for the purposes of constructing water supply or transmission facilities, purchase of land, pumps, pipe, valves, hydrants, etc. wherein those purchases are necessary to and become a part of the applicants' proposal to increase its supply facilities, to provide a public water supply to areas not presently served or for such other purpose as the Water Resources Board may approve as necessary or desirable to the proper and significant development and utilization of available water resources.

SECTION 3.00 ELIGIBLE APPLICANTS

Municipalities, fire and/or water districts, water authorities, other similar bodies politic having

jurisdiction over publicly owned water supply and/or water distribution systems and corporate or noncorporate authorities which are public instrumentalities of the state having as a purpose the establishment of water supply facilities, and all of whom provide water service to domestic, commercial or industrial users within the State of Rhode Island, where such authorized jurisdiction encompasses a service area, which in the judgment of the Water Resources Board represents a meaningful part of the need to develop the total water resources of the State of Rhode Island.

SECTION 4.00 APPROPRIATE AUTHORIZATION

Applications for loans must be:

- (1) Attested to by the applicant's responsible executive officer or official.
- (2) Accompanied by a resolution of the applicant's governing body officially authorizing execution of the loan application; and,
- (3) Certified to by the applicant's attorney that no litigation of any nature is now pending or threatened (in either state or federal courts) restraining or enjoining the applicant from executing the terms of the loan if approved.

SECTION 5.00 JUSTIFICATION AND NEED

All applicants shall be required to submit a work program, as prescribed by the Water Resources Board, outlining and identifying the needs, goals and operations necessary for the implementation of the desired project. The work program shall identify not only the work activities to be financed through the Water Development Fund but also those work activities undertaken specifically in relation to the loan requested which are or may be financed by federal, state, municipal or private resources. Said program shall include a specific listing of all activities for which application for federal financing has been, is or shall be made including a statement reflecting the reasonable probability of receiving the same.

SECTION 6.00 FINANCIAL CONTRIBUTION OF APPLICANT

Unless otherwise deemed advisable in a specific instance by the Water Resources Board all applicants shall contribute not less than twenty-five (25) percent of the specific project costs to which the monies received under the Water Development Fund are to be applied. The applicant's contribution may be made either in the form of cash or, upon further approval of the Water Resources Board, in the form of cash equivalent services, equipment, or other nonexpendable property owned by the applicant. Loans so granted may be applied as the applicant's Nonfederal Contribution in seeking or receiving federal grant-in-aid funds for the defined project.

SECTION 7.00 NUMBER AND FREQUENCY OF LOAN

In order to administer equitably the Water Development Fund to the benefit of all applicants and unless otherwise deemed advisable in a specific instance by the Water Resources Board, no applicant shall request more than one (1) loan commencing from the date of the final acceptance of an application and until a period of two (2) years has elapsed from the date of official discharge of the original loan.

In the event an applicant desires to make a significant modification in the work program which has otherwise been approved by the Water Resources Board, the applicant shall submit the proposed modification to the Water Resources Board for approval in the same manner as required of the original application.

Supplemental loans so approved by the Water Resources Board in connection with such a modification shall be considered a part of the original loan.

SECTION 8.00 MAXIMUM AMOUNT OF LOAN

Unless otherwise deemed advisable in a specific instance by the Water Resources Board, commencing with and extending through the 1971 calendar year, the maximum amount that may be loaned to any one applicant shall not exceed sixty thousand dollars (\$60,000.00) and, thereafter, the Water Resources Board may, in its discretion, established loan ceilings dependent upon the substantiate need of an applicant and the capacity of the Water Development Fund to support such additional loans.

SECTION 9.00 TERMS OF LOAN

Unless otherwise deemed advisable in a specific instance by the Water Resources Board, the duration of the loan shall extend over a four (4) year period commencing with the date the loan actually becomes outstanding, and an interest rate of four (4) per cent per annum shall be charged on the outstanding unpaid balance of the loan and such loans are to be amortized to provide for repayment by the applicant to the Water Development Fund according to the following schedule.

Repayment schedule:

- (1) On the second anniversary of the loan an amount equal to one-half (1/2) of the principal amount of the loan, plus an interest charge computed at four (4) per cent per annum on the principal amount.
- (2) On the third anniversary, a principal payment equal to one-half (1/2) of the outstanding balance, plus interest at four (4) per cent per annum on the outstanding balance.
- (3) On the fourth anniversary, the final payment of the balance outstanding, plus interest at four (4) per cent per annum on the final payment due.

SECTION 10.00 TERMINATION OR SUSPENSION OF LOAN

If an applicant unduly delays in carrying out any of the work program as approved by the Water Resources Board, or abandons the work program activities in part or in whole, or for any reason the commencement, prosecution, or timely completion by the applicant of any work program activities are rendered improbable, infeasible, or illegal, the Water Resources Board may, by written notice to the applicant,

- (1) Suspend approval of the loan application, until such time as violation is corrected or ceases to exist, and
- (2) Declare the applicant in default and demand immediate repayment of the loan outstanding.

SECTION 11.00 USE OF FUNDS, BUDGET AND ACCOUNTS

All applicants shall deposit all funds received from the Water Development Fund in a separate account acceptable to the Water Resources Board and in accordance with such written instructions as the Water Resources Board may from time to time issue.

All applicants shall carry out the work program activities, incur obligations and make disbursements in connection with Water Development Funds only in conformity with the latest budget approved by the Water Resources Board. This budget may be revised from time to time, subject to the approval of the Water Resources Board.

All applicants shall establish separate accounts for monies received from the Water Development Fund, in conformance with uniform requirements as may be prescribed and required by the Water Resources Board. Said accounts shall be maintained in accordance with the discretion of the Water Resources Board, either within the applicant's existing accounting system or otherwise independently thereof.

All applicants at such time and in such forms as the Water Resources Board shall require, shall furnish to the Water Resources Board such statements, records, other data, and information, and such periodic reports as requested pertaining to the work program, the cost and obligations incurred or to be incurred in connection therewith, as well as information pertaining to all other matters in connection with the application for the loan.

SECTION 12.00 CONFLICT OF INTEREST: PUBLIC OFFICIALS AND OTHERS

No member of the applicant's governing body or of the governing body of the locality wherein the applicant is located, and no official or employee of the applicant or the said locality or any other person who exercises any functions or responsibilities in connection with the loan shall own or acquire any personal interest in any property, contract or proposed contract which would conflict

with the performance of his/her duties or responsibilities under this loan, except to the extent hereinafter provided. If any such member, official, employee or other person (hereinafter referred to collectively as "person") presently, or in the future, acquires, owns, or controls any such share, benefit, or personal interest, he/she shall disclose immediately such share, benefit, or personal interest to the Water Resources Board and upon such disclosure, such person shall not participate in the program or in any action affecting the preparation of the program unless the applicant and the Water Resources Board shall determine that, in the light of such share, benefit, or personal interest, the participation of such person in any such action would not be contrary to the public interest. The applicant will promptly advise the Water Resources Board of the facts and circumstances concerning any disclosure made to it pursuant hereto or any information obtained by it relating to any conflict of interest.

SECTION 13.00 METER REPLACEMENT

Loans may be made in conformance with the procedures contained herein to all eligible applicants for the purpose of replacing water supply metering systems or a portion thereof and, unless otherwise deemed advisable in a specific instance by the Water Resources Board, said systems or portions thereof shall have been in place for fifteen (15) years or more.